

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
ANN ARBOR, MICHIGAN  
HUD PROJECT NO. MI28-0013-048  
ANNUAL CONTRIBUTIONS CONTRACT C-3200  
REPORT ON EXAMINATION OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
YEAR ENDED DECEMBER 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>Pittsfield Charter Twp Housing Commission</b>	County <b>Washtenaw</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>1/19/05</b>	Date Accountant Report Submitted to State: <b>6/21/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Post, Smythe, Lutz and Ziel LLP</b>			
Street Address <b>1034 W Ann Arbor Trail</b>	City <b>Plymouth</b>	State <b>MI</b>	ZIP <b>48170</b>
Accountant Signature <i>Karen A. E. [Signature]</i> CPA		Date <b>6/21/05</b>	

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
HUD PROJECT NO. MI28-0013-048  
December 31, 2004

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# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

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Wendy Leung Lee, C.P.A., C.V.A.  
Therese Mulholland, C.P.A.

January 19, 2005

### Independent Auditor's Report

Board of Commissioners  
Pittsfield Charter Township Housing Commission  
Ann Arbor, Michigan

We have audited the accompanying financial statements of the Pittsfield Charter Township Housing Commission, a component unit of Pittsfield Charter Township, as of and for the year ended December 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pittsfield Charter Township Housing Commission as of December 31, 2004, and the changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Pittsfield Charter Township  
Housing Commission  
January 19, 2005  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated January 19, 2005, on our consideration of Pittsfield Charter Township Housing Commission's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental data identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Pittsfield Charter Township Housing Commission. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

Christina L. Lirones  
- President  
Kenneth Brostrom  
Marilyn Burhop  
Gregory Conner  
Feliziana Meyer

**Pittsfield Charter Township  
Housing Commission**  
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Telephone: (734) 822-3137 • Fax: (734) 944-6103

James R. Walter  
- Executive Director  
Stacey Burmeister  
- Housing Aide

## Management's Discussion and Analysis

As management of the Pittsfield Charter Township Housing Commission, we offer readers of the Pittsfield Charter Township Housing Commission's financial statements this narrative overview and analysis of the financial activities of the Pittsfield Charter Township Housing Commission for the fiscal year ended December 31, 2004.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Pittsfield Charter Township Housing Commission's basic financial statements. The Pittsfield Charter Township Housing Commission's basic financial statements are comprised of the Balance Sheet, Statement of Revenues, Expenses, and Changes in Fund Equity, Statement of Cash Flows, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The Pittsfield Charter Township Housing Commission recognizes and reports transactions and balances using proprietary fund accounting and is reported as an enterprise fund. Enterprise funds are used to report business-type activities which account for activities whose costs are wholly or partially funded by fees and charges.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information as required by the U.S. Department of Housing and Urban Development for public housing authorities. The supplementary information can be found on pages 9-13 of this report.

### Financial Analysis

Fund equity may serve over time as a useful indicator of a government's financial position. In the case of the Pittsfield Charter Township Housing Commission, assets exceeded liabilities by \$10,273 at the close of the most recent fiscal year. All of the Housing Commission's fund equity may be used to meet the Commission's ongoing obligations to citizens and creditors.

The Housing Commission's fund equity decreased by \$54,765 during the current fiscal year. This decrease is a result of a decrease in the revenue amount received from the U.S. Department of Housing and Urban Development (H.U.D.) of \$57,730.

Pittsfield Charter Township Housing Commission's Statement of  
Net Assets:

	2004	2003
Current and Other Assets	\$ 81,633	\$ 95,038
Capital Assets	-	-
Total Assets	<u>\$ 81,633</u>	<u>\$ 95,038</u>
Current Liabilities	\$ 71,360	\$ 30,000
Net Assets-Restricted	<u>\$ 10,273</u>	<u>\$ 65,038</u>

Pittsfield Charter Township Housing Commission's Statement of  
Activities:

	2004	2003
Operating Revenues:		
HUD Contributions	\$ 913,670	\$ 971,400
Other	19,199	33,863
Total Operating Revenues	<u>932,869</u>	<u>1,005,263</u>
Operating Expenses:		
Administrative and General	44,244	34,871
Housing Assistance Payments	905,781	892,751
Tenant Services	40,150	40,945
Total Operating Expenses	<u>990,175</u>	<u>968,567</u>
Operating Income (Loss)	(57,306)	36,696
Nonoperating Revenues:		
Interest Income	<u>2,541</u>	<u>2,200</u>
Change in Net Assets	(54,765)	38,896
Net Assets - Beginning	65,038	26,142
Net Assets - Ending	<u>\$ 10,273</u>	<u>\$ 65,038</u>

**Requests for Information**

This financial report is designed to provide a general overview of the Pittsfield Charter Township Housing Commission's finances for all those with an interest in the Housing Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of the Pittsfield Charter Township Housing Commission, 6201 W. Michigan Avenue, Ann Arbor, Michigan 48108.

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION

PROJECT NO. MI28-0013-048

Statement of Net Assets

December 31, 2004

	<u>Business Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 71,241
Prepaid Expenditures	<u>10,392</u>
Total Assets	<u>81,633</u>
 LIABILITIES	
Accounts Payable-Due to Township	<u>71,360</u>
 NET ASSETS-Restricted	<u>\$ 10,273</u>

The notes to the financial statements are an integral part of this statement.

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
PROJECT MI28-0013-048  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Business Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Business Activities-Housing Commission	\$ <u>990,175</u>	\$ <u>19,199</u>	\$ <u>913,670</u>	\$ <u>(57,306)</u>

General Revenues:

Investment Earnings	<u>2,541</u>
Total General Revenues	<u>2,541</u>

Change in Net Assets (54,765)

Net Assets - Beginning 65,038

Net Assets - Ending \$ 10,273

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
PROJECT MI28-0013-048  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2004

Cash Flows from Operating Activities:

Subsidy from Federal Housing Program	\$ 973,401
Receipts from Customers and Users	19,199
Payments for Housing Assistance	(905,781)
Payments for Tenant Services	(50,542)
Payments for Professional Services	(2,884)
	<u>(2,884)</u>

Net Cash Provided (Used) by Operating Activities	<u>33,393</u>
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Cash Flows from Investing Activities:

Interest Earned	<u>2,541</u>
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Net Increase (Decrease) in Cash and Cash Equivalents	35,934
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Cash and Cash Equivalents - January 1	<u>35,307</u>
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Cash and Cash Equivalents - December 31	<u>\$ 71,241</u>
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Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating Income (Loss)	\$ (57,306)
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Adjustments to reconcile operating income (loss)  
to net cash provided (used) by operating activities:

(Increase) Decrease in Due from HUD	59,731
(Increase) Decrease in Prepaid Expenditures	(10,392)
Increase (Decrease) in Due to Township	41,360

Net Cash Provided (Used) by Operating Activities	<u>\$ 33,393</u>
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PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
HUD PROJECT NO. M128-0013-048  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Housing Commission follows accounting procedures outlined in the U.S. Department of Housing and Urban Development Low-Rent Housing Accounting Handbook HM 7510.1.

Cash and Cash Equivalents

Cash and cash equivalents are unrestricted cash in bank and liquid investments with maturities of 90 days or less.

Risk Management

The Housing Commission is exposed to various risks of loss related to liability, employee injury and other circumstances. The Housing Commission has purchased property liability and workers compensation coverage through commercial insurance carriers. There were no significant reductions in insurance coverage from the prior year and no insurance settlements have exceeded coverage.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - OTHER INFORMATION

Deposits

Under State law, the Housing Commission is permitted to invest in deposits with commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury and commercial paper with certain investment grades. The carrying amount of the Housing Commission's deposits with financial institutions at December 31, 2004, was \$71,241 and the bank balance was \$145,357 which is categorized as follows:

Amounts Insured by F.D.I.C.	\$ -
Uninsured and Uncollateralized	<u>145,357</u>
Total Bank Balance	<u>\$145,357</u>

SUPPLEMENTARY INFORMATION

**PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION**

**PROJECT NO. MI28-0013-048**

**STATEMENT OF PROFIT AND LOSS**

**(HUD-92410, OMB NO. 2502-0052)**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

**Part I**

Description of Account	Acct. No.	Amount
<b>Rental Income 5100</b>		
Apartments or Member Carrying Charges (Coops)	5120	\$
Tenant Assistance Payments	5121	\$ 913,670
Furniture and Equipment	5130	\$
Stores and Commercial	5140	\$
Garage and Parking Spaces	5170	\$
Flexible Subsidy Income	5180	\$
Miscellaneous (specify)	5190	\$
<b>Total Rent Revenue Potential at 100% Occupancy</b>		\$ 913,670
<b>Vacancies 5200</b>		
Apartments	5220	( )
Furniture and Equipment	5230	( )
Stores and Commercial	5240	( )
Garage and Parking Spaces	5270	( )
Miscellaneous (specify)	5290	( )
<b>Total Vacancies</b>		( )
<b>Net Rental Revenue (Rent Revenue Less Vacancies)</b>		\$ 913,670
<b>Elderly and Congregate Services Income 5300</b>		
<b>Total Service Income (Schedule Attached)</b>	5300	\$
<b>Financial Revenue 5400</b>		
Interest Income - Project Operations	5410	\$
Income from Investments-Residual Receipts	5430	\$
Income from Investments-Reserve for Replacement	5440	\$
Income from Investments-Miscellaneous	5490	\$ 2,541
<b>Total Financial Revenue</b>		\$ 2,541
<b>Other Revenue 5900</b>		
Laundry and Vending	5910	\$
NSF and Late Charges	5920	\$
Damages and Cleaning Fees	5930	\$
Forfeited Tenant Security Deposits	5940	\$
Other Revenue (specify)      Payment in Lieu of Taxes & Other	5990	\$ 19,199
<b>Total Other Revenue</b>		\$ 19,199
<b>Total Revenue</b>		\$ 935,410
<b>Administrative Expenses 6200/6300</b>		
Advertising	6210	\$
Other Administrative Expense	6250	\$
Office Salaries	6310	\$ 23,447
Office Supplies	6311	\$
Office or Model Apartment Rent	6312	\$ 14,100
Management	6320	\$
Manager or Superintendent Salaries	6330	\$
Manager or Superintendent Rent Free Unit	6331	\$
Legal Expenses (Project)	6340	\$
Auditing Expenses (Project)	6350	\$ 2,325
Bookkeeping Fees/Accounting Services	6351	\$ 559
Telephone and Answering Service	6360	\$ 150
Bad Debts	6370	\$
Miscellaneous Administrative Expenses (specify)	6390	\$
<b>Total Administrative Expenses</b>		\$ 40,581
<b>Utilities Expense 6400</b>		
Fuel Oil/Coal	6420	\$
Electricity (Light and Misc. Power)	6450	\$
Water	6451	\$
Gas	6452	\$
Sewer	6453	\$
<b>Total Utilities Expense</b>		\$ -

**PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION**

**PROJECT NO. MI28-0013-048**

**STATEMENT OF PROFIT AND LOSS**

**(HUD-92410, OMB NO. 2502-0052)**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

(continued)

Description of Account	Acct. No.	Amount
<b>Operating and Maintenance Expenses 6500</b>		
Janitor and Cleaning Payroll	6510	\$
Janitor and Cleaning Supplies	6515	\$
Janitor and Cleaning Contract	6517	\$
Exterminating Payroll/Contract	6519	\$
Exterminating Supplies	6520	\$
Garbage and Trash Removal	6525	\$
Security Payroll/Contract	6530	\$
Grounds Payroll	6535	\$
Grounds Supplies	6536	\$
Grounds Contract	6537	\$
Repairs Payroll	6540	\$
Repairs Material	6541	\$
Repairs Contract	6542	\$
Elevator Maintenance/Contract	6545	\$
Heating/Cooling Repairs and Maintenance	6546	\$
Swimming Pool Maintenance/Contract	6547	\$
Snow Removal	6548	\$
Decorating Payroll/Contract	6560	\$
Decorating Supplies	6561	\$
Other - Housing Assistance Payments	6570	\$ 905,781
Miscellaneous Operating and Maintenance Expenses	6590	\$ -
<b>Total Operating and Maintenance Expenses</b>		<b>\$ 905,781</b>
<b>Taxes and Insurance 6700</b>		
Real Estate Taxes	6710	\$
Payroll Taxes (FICA)	6711	\$
Miscellaneous Taxes, Licenses and Permits	6719	\$
Property and Liability Insurance (Hazard)	6720	\$ 3,663
Fidelity Bond Insurance	6721	\$
Workmen's Compensation	6722	\$
Health Insurance and Other Employee Benefits	6723	\$
Other Insurance (specify)	6729	\$
<b>Total Taxes and Insurance</b>		<b>\$ 3,663</b>
<b>Financial Expenses 6800</b>		
Interest on Bonds Payable	6810	\$
Interest on Mortgage Payable	6820	\$
Interest on Notes Payable (Long-Term)	6830	\$
Interest on Notes Payable (Short Term)	6840	\$
Mortgage Insurance Premium/Service Charge	6850	\$
Miscellaneous Financial Expenses	6890	\$
<b>Total Financial Expenses</b>		<b>\$ -</b>
<b>Elderly and Congregate Service Expenses 6900</b>		
<b>Total Service Expenses - Meals &amp; Transportation</b>	6900	<b>\$ 40,150</b>
<b>Total Cost of Operations Before Depreciation</b>		<b>\$ 990,175</b>
<b>Profit (Loss) Before Depreciation</b>		<b>\$ (54,765)</b>
Depreciation (Total)-6600 (specify)	6600	\$ -
<b>Operating Profit or (Loss)</b>		<b>\$ (54,765)</b>
<b>Corporate or Mortgagor Entity Expenses 7100</b>		
Officer Salaries	7110	\$
Legal Expenses (Entity)	7120	\$
Taxes (Federal-State-Entity)	7130-32	\$
Other Expenses (Entity)	7190	\$
<b>Total Corporate Expenses</b>		<b>\$ -</b>
<b>Net Profit or (Loss)</b>		<b>\$ (54,765)</b>

**PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION**  
**PROJECT NO. M128-0013-048**  
**STATEMENT OF PROFIT AND LOSS**  
**(HUD-92410, OMB NO. 2502-0052)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

(continued)

**Part II**

1. Total principal payments required under the mortgage, even if payments under a Workout Agreement are less or more than those required under the mortgage.	\$ -
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, even if payments may be temporarily suspended or waived.	\$ -
3. Replacement or Painting Reserve releases which are included as expense items on this Profit and Loss statement.	\$ -
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss Statement.	\$ -

**PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION**  
**PROJECT NO. MI28-0013-048**  
**COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS (HUD 93486)**  
**DECEMBER 31, 2004**

PART A - COMPUTE SURPLUS CASH			
1.	Cash (Accounts 1110, 1120, 1191, 1192)	\$	71,241
2.	Tenant Subsidy Vouchers Due for Period Covered by Financial Statement	\$	
3.	Other (describe)	\$	0
(a) Total Cash (Add Lines 1, 2, and 3)			\$ 71,241
4.	Accrued Mortgage Interest Payable	\$	
5.	Delinquent Mortgage Principal Payments	\$	
6.	Delinquent Deposits to Reserve for Replacements	\$	
7.	Accounts Payable (due within 30 days)	\$	
8.	Loans and Notes Payable- (due within 30 days)	\$	
9.	Deficient Tax Insurance or MIP Escrow Deposits	\$	
10.	Accrued Expenses (not escrowed)	\$	
11.	Prepaid Rents (Account 2210)	\$	
12.	Tenant Security Deposits Liability (Account 2191)	\$	
13.	Other (Describe) Amount Due to Township	\$	71,360
(b) Less Total Current Obligations (Add Lines 4 through 13)			\$ 71,360
(c) Surplus Cash (Deficiency) (Line (a) minus Line (b))			\$ (119)
PART B-COMPUTE DISTRIBUTION TO OWNERS AND REQ'D DEPOSIT TO RESIDUAL RECEIPTS			
1.	Surplus Cash	\$	
2a.	Annual Distribution Earned During Fiscal Period Covered by the Statement	\$	
2b.	Distribution Accrued and Unpaid as of the End of the Prior Fiscal Period	\$	
2c.	Distributions Paid During Fiscal Period Covered by Statement	\$	
3.	Amount to be Carried on Balance Sheet as Distribution Earned but Unpaid (Line 2a plus 2b minus 2c)	\$	
4. Amount Available for Distribution During Next Fiscal Period			\$
5. Deposit Due Residual Receipts (Must be deposited with Mortgagee within 60 days after Fiscal Period ends)			\$
PREPARED BY		REVIEWED BY	
Loan Technician		Loan Servicer	
Date		Date	

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
HUD PROJECT NO. MI28-0013-048  
SUPPLEMENTARY INFORMATION  
DECEMBER 31, 2004

Schedule of Funds in Financial Institutions as of December 31, 2004

Funds Held in Regular Operating Account:

Comerica Bank (Interest Checking)	<u>\$ 145,357</u>
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SINGLE AUDIT SECTION

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

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January 19, 2005

### INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS


Board of Commissioners  
Pittsfield Charter Township  
Housing Commission  
Ann Arbor, Michigan

We have audited the financial statements of the Pittsfield Charter Township Housing Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated January 19, 2005. These financial statements are the responsibility of the Pittsfield Charter Township Housing Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts used and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Pittsfield Charter Township Housing Commission taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
HUD PROJECT NO. MI28-0013-048  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

U.S. Department of Housing and Urban Development

C.F.D.A. Number 14-156

Annual Contributions Contract C-3200  
Project MI28-0013-048

MAJOR PROGRAMS

	<u>Expenditures</u>
FEDERAL ASSISTANCE	
Housing Assistance Payments	<u>\$905,781</u>

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

## PLYMOUTH

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Therese Mulholland, C.P.A.

January 19, 2005

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL STRUCTURE OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners  
Pittsfield Charter Township  
Housing Commission  
Ann Arbor, Michigan

We have audited the financial statements of the Pittsfield Charter Township Housing Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated January 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

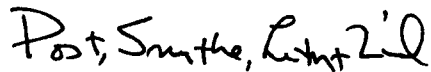
#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components

does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

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January 19, 2005

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners  
Pittsfield Charter Township  
Housing Commission  
Ann Arbor, Michigan

#### Compliance

We have audited the compliance of the Pittsfield Charter Township Housing Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, Pittsfield Charter Township Housing Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of Pittsfield Charter Township Housing Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Commissioners, and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

PITTSFIELD CHARTER TOWNSHIP HOUSING COMMISSION  
HUD PROJECT NO. MI 28-0013-048  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2004

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

       Yes      X   No

Reportable condition(s) identified

not considered to be material weaknesses?

       Yes      X   None Reported

Noncompliance material to financial statements noted?

       Yes      X   No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

       Yes      X   No

Reportable condition(s) identified

not considered to be material weaknesses?

       Yes      X   None Reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?

       Yes      X   No

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

14-156

U.S. Department of HUD

Dollar threshold used to distinguish

Between Type A and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

  X   Yes           No

Section II - Financial Statement Findings

No Findings Reported.

Section III – Federal Award Findings and Questioned Costs

No Findings Reported.

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January 19, 2005

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO FAIR HOUSING AND NON-DISCRIMINATION

Board of Commissioners  
Pittsfield Charter Township  
Housing Commission  
Ann Arbor, Michigan

We have audited the financial statements of the Pittsfield Charter Township Housing Commission as of and for the year ended December 31, 2004, and have issued our report thereon dated January 19, 2005.


We have applied procedures to test the Pittsfield Charter Township Housing Commission's compliance with Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs, for the year ended December 31, 2004.

Our procedures were limited to the applicable compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of Inspector General. Our procedures were substantially less in scope than an audit, the objective of which would be the expression of an opinion on the Pittsfield Charter Township Housing Commission's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

This report is intended for the information of management, the Board of Commissioners, and the Department of Housing and Urban Development. However, this report is a matter of public record and its distribution is not limited.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants